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**PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY PROGRAMMES
AND PROJECTS**

**THIRD COUNTRY PROGRAMME FOR THE DEMOCRATIC PEOPLE'S
REPUBLIC OF KOREA**

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
January 1992-December 1996	IPF 1992-1996	24 292 000
	Other resources programmed	1 855 000
	Total	26 147 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. The basic principle of the third Seven-Year Plan (1987-1993) of the Democratic People's Republic of Korea is embodied in the "Juche" philosophy, which is the achievement of self-reliance with human beings as the centre of all development and acting as both a means and an end to economic growth. A constant aim of the Government is to assure a continuing increase in living standards - evidenced by the comparatively high (74) Human Development Index recorded in the Human Development Report 1991. The current Plan and policy statements issued in 1991 identified three main areas of development: (a) increasing industrial production; (b) improvement of agricultural development; and (c) expansion of economic exchange with foreign countries. Based on this strategy, the economic performance has been highly positive. Agriculture yields are high averaging 7.6 tons per hectare for rice and 6.5 tons per hectare for maize. Impressive advances have been made in heavy and light industrial development.

B. National development objectives and strategies

2. A critical element of the Government's development strategy is the application of science and technology at all levels of the economy, which leads explicitly to a major emphasis on human resources development. While the Government attaches high priority to the building of heavy industry and the agriculture sector, significant emphasis is also placed on the development of light industry to cater to consumer demands. The Government has reoriented its trade policy to stimulate trade with non-traditional partners and also to encourage an inflow of foreign investment. A key element of this strategy is to intensify economic contacts with the North-East Asia subregion and with South-East Asia while widening trade contacts with developed countries.

3. The aim of the Government is to steer the economy on a balanced path of development, addressing both production and distribution issues simultaneously. In the social sectors, education and health have received high priority. The relevant statistics (1986) show that life expectancy stands at 71 years for men and 77 years for women. Infant mortality has been reduced to 10 deaths per thousand. The entire population is provided with free housing, and 150,000 to 200,000 new houses are being built annually. All households have access to electricity and water supply. The importance attached to women in development manifested the fact that women constitute 49 per cent of the labour force. Free creche and kindergarten facilities are made available so that women can participate in development. In recognition of the potential dangers to the environment, measures have been taken to protect the environment, with attention focused on the adoption of environmentally friendly technologies, especially in the agricultural and industrial sectors.

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II. EXTERNAL COOPERATION

A. Role of external cooperation

4. External cooperation is virtually confined to United Nations specialized agencies. While support is also received from socialist countries, it is an element interlocked in wider economic cooperation agreements and arrangements. There are no receipts from developed market economy countries. In 1988 and 1989, external cooperation resources, almost exclusively in the form of technical cooperation, originated from the following sources:

Summary of external assistance by donor (In thousands of dollars)

	<u>1989</u>	<u>1990</u>
FAO	340	166
IAEA	163	443
UNDP	2 972	3 700
UNFPA	371	688
UNICEF	171	423
UNIDO	(60)	49
WHO	<u>790</u>	<u>1 236</u>
Total	<u>4 747</u>	<u>6 705</u>

B. Aid coordination arrangements

5. Aid coordination is primarily a question of coordination among United Nations specialized agencies. This has been facilitated by the Resident Representative, who, as Resident Coordinator, coordinates and monitors United Nations agency programmes. The Resident Coordinator is the sole representative of the United Nations system in the country. On the Government's side, the principal coordinating agency for technical cooperation from the United Nations system are the General Bureau for Cooperation with International Organizations of the External Affairs Commission.

6. Several projects have been cofinanced by United Nations agencies other than UNDP including those financed by the Technical Cooperation Programme of the Food and Agriculture Organization of the United Nations (FAO) and those funded by the special industrial services programme of the United Nations Industrial Development Organization (UNIDO). A rural health project formulated in 1991 will be cofinanced by the World Health Organization (WHO), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and UNDP.

7. Another recent development has been the decision to cooperate with non-governmental organizations (NGOs) from industrialized countries. A

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mission was launched, with UNDP cooperation to identify the feasibility of NGO participation in the development process. Practical forms of cooperation are expected to evolve in the near future.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

8. The second country programme (1987-1991) spelt out three basic objectives: (a) increased agricultural productivity; (b) improved efficiency and quality of industrial production; and (c) increased export earnings. Technical cooperation to achieve these objectives constitutes the substance of the current country programme. With regard to agricultural productivity, an important contribution has been made through several projects concerned with research and experimentation in rice and maize breeding, soil fertility, seed processing, tissue culture, vegetable and fruit production, and aquaculture. A significant amount of technology transfer has been achieved through these projects, especially in rice and maize breeding, where considerable yield increases were achieved. Institutional capacities have been considerably strengthened in the agriculture sector.

9. Industrial sector interventions have, however, been more scattered in their impact and it cannot be stated that there was a coherent strategy for a concerted improvement in industrial efficiency. However, the second country programme facilitated access to critical technologies through its various projects. Technical cooperation in the industrial sector has led to important capital investments being undertaken in the chemical and electronics industries. While some degree of institutional strengthening has taken place in the trade sector, its direct contribution to increased export earnings cannot be gauged. The expected diversification of trade is now under way although much more is required.

10. The overall management of the second country programme has been effective and some small projects, such as the Garment Institute, have had a catalytic impact in benefiting some 100 factories. It was clear, however, that the scatterization of projects among a range of sectors has not contributed to a cohesive programme. Many problems have also arisen in project design and implementation. The time frame of two years adopted for most of the projects turned out to be inadequate in terms of ensuring impact and sustainability. The delivery of expert services has suffered from delays and, in some instances, from weaknesses in the quality of expertise. Training arrangements were affected by the poor language skills of candidates and by the visa restrictions of several countries. Significant delays were experienced in the delivery of equipment. National execution was confined to only five projects. These shortcomings are expected to be addressed and improved upon in the third country programme.

B. Proposals for UNDP cooperation

1. Preparatory process

11. Preparations for the formulation of the third country programme were made with at least eight missions being fielded by United Nations specialized agencies to assess past and ongoing activities and make proposals for the future. The missions covered a wide spectrum of economic and social issues: trade and investment (the United Nations Conference on Trade and Development (UNCTAD)/UNIDO/and the United Nations Centre on Transnational Corporations); industry (UNIDO); energy (the Department of Technical Cooperation for Development (DTCD)); environment (UNDP); management (UNDP); housing and construction (the United Nations Centre for Human Settlements (Habitat) (UNCHS)); agriculture (FAO). Seminars on women in development and on joint ventures and the financial environment supplemented the activities of these missions. UNDP also undertook an assessment of the current country programme. Continuing consultations between the General Bureau for Cooperation with International Organizations and UNDP before and after the submission of the advisory note by UNDP, have led to a clear understanding of the viewpoints of the Government and UNDP.

2. Strategy for UNDP cooperation

12. The third country programme is characterized by the move towards a programme approach for technical cooperation activities. The strategy in developing the programme has been to identify those critical areas of government policies and programmes which can benefit most from UNDP technical cooperation, in the context of the thematic concerns of UNDP and the comparative advantages it possesses in the country. The programme will focus on four areas of concentration: (a) efficiency and sustainability in agricultural development; (b) energy efficiency; (c) environment and industry; (d) international economic cooperation. Within these areas of concentration, five sets of activities are expected to absorb nearly 65 per cent of indicative planning figure (IPF) resources. In addition, several activity clusters outside these areas of concentration have also been identified for UNDP interventions as they are critical to the Government's development strategy as well as to UNDP thematic concerns. Experience has also shown that in some situations the earlier project focus and small interventions have an important role to play in addressing critical issues and will supplement the widespread move towards a programme approach.

13. As noted above, the identified areas of concentration are critical to the processes of economic and social development. The Government attaches high priority to developing a modernized, diversified, high-yielding and sustainable agricultural sector. Hence, major technical inputs for institution-building, human resources development and technology transfer are required. Energy supply and demand need to be balanced continually in the context of growing demands for energy use. Given the nature of the country's resource endowments, technical excellence needs to be achieved in coal mining

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and processing technologies. Equally important are measures aimed at enhancing energy conservation. The Government is anxious to obtain access to state-of-the-art technologies to avoid the adverse effects of industrial pollution on the rapidly improving quality of living. Major changes in the world economy and in the international political landscape also demand that newly emerging opportunities for trade and investment be exploited especially in the Asia region. For this reason, emphasis has been placed on technical cooperation to assist in the ongoing efforts to reorient the external sector.

14. In addressing these national priority issues, the Government has sought to exploit the comparative advantages of UNDP. UNDP is in a unique position in the country as the major supplier and channel for technical cooperation from multilateral organizations; no aid is received from developed market economy countries. UNDP has been involved in most of these areas previously and has built up a record for organizing technical cooperation in the selected areas. Specialized agencies of the United Nations system are particularly equipped with knowledge and expertise in almost all these areas of concentration and UNDP could be the intermediary and central funding agency to tap such expertise. In this larger context, the comparative advantage of UNDP, gained from involvement with similar issues and subjects will be of great value. It is evident that for many activities contemplated within the five programme areas there is much to be gained from improved knowledge of comparable technological experiences in the Asia region.

15. The selected areas of concentration are particularly appropriate for the thematic concerns of UNDP. They are particularly strong in improving systems of natural resources management, especially land, water and energy resources. Four of the five areas are focused primarily on natural resources management. Environment is another key issue and is addressed in most of the areas of concentration. Technology transfer is an important element that cuts across almost all programmes and appropriate technological adaptation is a key issue that must be addressed in the design of programmes and projects. Technical cooperation among developing countries (TCDC) should be a vital instrument in facilitating such technological adaptation. Management development is a key task in almost all areas and this issue will have to be addressed more specifically at the design stage. Two other themes - poverty alleviation and women in development - are expected to be addressed, as appropriate, in activities both in and outside the areas of concentration. The Government has made significant advances in these areas and they are a lesser priority for external cooperation.

16. Flexibility is important to an efficient programming process. At this stage, only broad concepts and highlighting of specific activities are required, allowing for more detailed elaboration of technical and technological components on the basis of expert advice. Consequently, an important prerequisite for successful programming will be a preparatory phase to enable the careful selection of the types of cooperation to be formulated. Alternative methodologies need to be compared and contrasted before any specific commitment can be made.

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3. Areas of concentration and programme proposals

Efficiency and sustainability in agricultural development

17. The Government has developed a system of intensive agriculture to exploit fully the limited arable land area available. Eighty per cent of the country is not suited to agriculture and only about 2 million hectares are available for cultivation. Of the cultivated area, nearly 60 per cent is under cereal crops. The Government has pursued a policy of irrigation, electrification, chemicalization, and mechanization in developing a modern capital intensive system of agriculture. It is imperative that higher levels of productivity, matched by sustainable systems of agriculture, are obtained to feed a growing population and create an agricultural surplus. The Government has set specific targets for various subsectors of agriculture under the current third Seven-Year Plan. To meet these targets, without adverse effects on the environment, it is necessary for the country to build up its technical capacities to manage an environmentally friendly agricultural system. Two projects have been conceived to assist the Government to achieve its objective of developing an efficient and sustainable agricultural system.

Objective 1: Agricultural productivity and diversification

18. The objective of the Government is to enhance the productivity of selected agricultural crops and to stimulate a process of crop diversification both at the farm and national levels. Several activities are proposed. First, the improvement of farm management systems with special attention to crop rotation and a wider use of subsidiary crops which could lead to greater production efficiency at the farm level. Second, special emphasis will be placed on the application of research and research methodology to improve vegetable and fruit farming. Third, systems of farm mechanization to explore the potential for more efficient combinations of farmers, machines and equipment in farming operations will be studied, especially to minimize post-harvest losses. Fourth, research efforts will be applied to improve protein and fat content in cereals, currently estimated at only 7 to 9 per cent of protein and 3 to 5 per cent of fat. The solution to this problem requires the development of appropriate technologies in nucleic acids, enzymes and plant cells to breed new crop varieties. Fifth, efforts will be made to establish a diversified system of agriculture on reclaimed tidal lands and on developing an efficient system of sericulture through the extension of mulberry plantations on hilly slopes. The latter component is expected to be cofinanced with the International Fund for Agricultural Development (IFAD) and should contribute to the relief of relative poverty in remote areas. Sixth, the aquaculture subsector will be strengthened through the introduction of new fish production technologies to obtain an extra source of protein.

19. Impact is expected to be felt in increased institutional capacities in agricultural research, improved techniques in farming operations, a more diversified pattern of agricultural cropping, enhanced nutritive value of crops and increased food production. Human resources in the agricultural sector will be developed and technologies adapted to local circumstances.

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Objective 2: Development of sustainable agricultural practices

20. The objective is to develop environmentally sustainable technologies to neutralize the adverse effects of intensive systems of agriculture utilizing increasing applications of fertilizer and pesticides. Although the Government has pursued a policy of chemicalization in agriculture (it is estimated that between 1 to 2 tonnes of chemical fertilizers are used per hectare), adverse effects have not yet been widely felt. The Government is concerned about these effects, however, and preemptive action is therefore required. Three courses of action are envisaged in developing the required technical basis for a sustainable agricultural strategy. First, there is evidence that the efficiency of fertilizer use can be substantially increased through more selective applications of fertilizer with regard to timing, appropriate mixes of nutrients and more crop specificity. Practices of this kind need more experimentation and dissemination. Second, more extensive use of organic fertilizers alongside chemical fertilizers should lead to greater efficiency of overall fertilizer use and also in conserving soils from degradation. Appropriate technologies have been developed elsewhere and should be transferred to the country. Third, biological methods of pest control should be introduced to reduce the current extensive use of chemical pesticides. All these technologies need wider dissemination at the farm level.

21. The impact will be evidenced through the development of environmentally friendly agricultural technologies. Institutional capacities will be strengthened to address environmental issues in agricultural development and relevant technologies will be transferred at the farm level.

Energy efficiency

22. The structure of primary energy use is estimated as follows: coal - 84.4 per cent (the world average is 31 per cent); oil - 6.8 per cent; hydropower - 5.8 per cent; fuel wood - 2.5 per cent. Clearly, the country relies heavily on coal, a resource with which it is richly endowed (70-90 billion tonnes), although it is primarily low-grade coal with only small quantities of bituminous and coking coal. About 6,000 megawatts of hydroelectric power is also generated with a further potential of 8,000 megawatts. Oil is an imported commodity.

23. The significance of the energy sector has been recognized at the North-East Asia subregional level and many country projects in the subregion, especially those in China, and subregional projects, are concerned with issues of energy efficiency, development of clean coal technologies and energy conservation and non-coal energy options and environmental safeguards.

Objective 1: Development of efficient energy systems

24. The objective is to develop national capacities which promote greater efficiency in energy systems management - from the mining of coal, the adoption of cleaner coal technologies, the management of power stations, more streamlined distribution systems to increased conservation of energy by the consumer.

25. UNDP interventions will take many forms, all of which are interrelated and will contribute to the development of an efficient energy system. First, assistance will be provided to improve the technical capacities of the Anju Coal Mining Research Institute, enabling it to assimilate newly emerging coal technologies and their application to local circumstances. This research institute has an important contribution to make to the development of the national coal industry. Being located in the midst of large coal reserves, its upgrading should directly benefit current coal mining operations. Secondly, wider dissemination of fluidized bed combustion technology promises a solution to the use of low quality, high-ash coal for efficient combustion. Countries in the subregion have already undertaken considerable work in developing this technology and there is much scope for interchange of experience and knowledge through TCDC.

26. The third set of activities is intended to strengthen the power generation and distribution system through improvement in designs of power stations and in their management. A programme is required for the modernization of the older power plants to increase their efficiency and to prevent environmental damage. Special attention is required for the modernization of the electric power production and dispatching control centre in Pyongyang. Modern computerized facilities are required at this centre to monitor and control the power system. Assistance is also expected to be provided to the development of petrochemical technologies.

27. Another equally important intervention is aimed at assisting in the conservation of energy. The major energy consumer in the country is the industrial sector and its utilization efficiency is relatively low. Improving energy performance through installation of systems to reduce energy losses is essential.

28. The impact in this area should be felt in the development of an efficient energy system and improved coal technologies. The national power management system will be upgraded through better trained professional staff and the installation of state-of-the-art technologies.

Environment and industry

29. The Government attaches the highest priority to the conservation of the environment. Industrial and manufacturing capacities are rapidly expanding, most of them located in urban areas. Therefore, the control of industrial pollution at the source is an urgent prerequisite to maintain and enhance environmental conditions in urban areas. Indeed, it is an important aspect of safeguarding the significant achievements in human development. Technology for the control of pollution has advanced rapidly and the country needs access to information and techniques to adopt them locally.

30. The Government has also urged that priority be attached to the control of industrial pollution at the subregional level. In particular, the project envisaged for the North-East Asian subregion to reduce atmospheric pollution from coal burning could make a significant contribution.

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Objective 2: Management of the industrial environment

31. The primary objective is to stimulate the application of modern technology by industrial enterprises to control the emission of pollutants into inland waterways and the surrounding seas. This objective is expected to be achieved through the supply of technical cooperation to undertake several interrelated activities. First, the wastewater treatment plants and recycling systems of the Hungnam Fertilizer Complex and the February 8 Vinalon Complex, both situated in the Hamhung area, need to be modernized, as do the pollution control systems of the many old chemical plants in the area since they are the source of significant offshore pollution. Second, the Sinuiji Chemical Fibre Complex, situated near the mouth of Yalu River requires modernization to improve dust control and waste treatment facilities and to prevent the emission of sulphuric acid and to recycle caustic soda and lead. Third, environmental protection measures in the Taedong River Basin area need to be strengthened as a matter of urgency. Many major industrial enterprises are sited near the river and will cause major environmental problems unless urgent control measures are introduced.

32. Capital investments in pollution control technology are expected. Technical staff will be trained in industrial pollution control methodologies and relevant institutions strengthened through greater monitoring and control capacities.

33. The Global Environment Facility (GEF) is expected to be a source of financing for both technical cooperation and capital assistance in all activities dealing with energy efficiency.

International economic cooperation

34. An important component of the government's economic strategy is the strengthening of the external sector of the economy so that trade, investment and technology flows can be quantitatively and qualitatively enhanced. The Government requires a multi-faceted programme of technical cooperation to enable it to implement its policies and plans to reorient its external sector so as to keep pace with the changing external environment.

Objective: Promotion of trade and investment

35. The objective is to facilitate Government efforts in restructuring its external sector operations in the fields of trade, finance, direct foreign investment and technology through strengthening the related institutional infrastructure. The promotion of trade and investment requires concerted action on several issues, such as changes in methodologies relating to trade and investment; the strengthening of institutions which channel and process trade and investment information; procedural changes in banking, finance and insurance; and the upgrading of the quality of technical services. The Government expects UNDP cooperation to develop an interlocking programme of technical cooperation in this area.

36. A primary requirement for trade expansion is the establishment of a trade and economic information system which enables enterprises to have continuing access to updated information on foreign markets both for exports and imports. The form and substance of an information system will depend on the Government's strategy to produce internationally competitive commodities and manufactures for exports. The strategy will have to be selective in the choice of commodities and manufactures, stressing those where the country has a demonstrated comparative advantage. A dynamic information system should also avoid the shortcomings experienced elsewhere.

37. The development of products for specific markets is essential for a selective export strategy. Producers and exporters must therefore have a clear understanding of market conditions. The transfer of knowledge is also required to enable the country to develop specific export products. UNDP has assisted many countries in export development and experience has been built up in assisting small- and medium-scale enterprises, which is particularly relevant to the needs of the Democratic People's Republic of Korea.

38. This will include personnel to handle international trade and related international financial transactions in banking, insurance and export credits. The availability of products for export by itself is not sufficient to generate exports without ancillary trade support services. A major function of technical cooperation in this area is to enable the Government to create and sustain the required human resource bases for trade development.

39. The expansion of trade is closely linked with investment and technology flows and these interlinkages led to the adoption of a foreign investment law in 1984 to facilitate the establishment of joint ventures. Many joint ventures have already been established and there is substantial scope for intensifying this process. The establishment of joint ventures and consequent flows of investments and technology require not only broad policy changes but also continuing attention to a range of detailed and practical issues involving the selection of enterprises and product categories; the choice of technologies; the identification of specific partners for specific markets; costing and pricing. UNDP experience in the Asian region generated both through country and regional projects will be of particular advantage.

40. An integral part of the Government's strategy for trade and foreign investment expansion is the proposed development of the Tuman River basin area as an export zone. The North-East Asia subregion itself and other East Asian economies have emerged as major industrial exporters and suppliers of capital and technology. Technical cooperation is required to develop the economic potential of the Tuman River basin exploiting the many opportunities for trade, investment and technology exchanges in the region itself.

41. The Government sees tourism as a potential major foreign currency earner especially since tourism traffic is expected to grow in the region. An expansion of exports is also foreseen, which will lead to a more diversified pattern of international trade and greater investments in joint ventures. Hotel facilities are being expanded and the civil aviation infrastructure is being strengthened. Intensive training and management development will

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significantly increase institutional and technical capacities. The implementation of the Government's strategy for tourism development will require assistance in activities such as market studies, feasibility studies specifically for joint ventures, the development of tourist sites, and hotel management.

C. Assistance outside main country programme areas

42. United Nations system resources cannot be confined to selected areas of concentration in a country such as the Democratic People's Republic of Korea, which has only limited access to technical resources. Flexibility has therefore been built into the country programme to include activities outside the the areas of concentration that are none the less closely linked to them or UNDP areas of focus. This facilitates a more programmatic approach and represents a move away from isolated interventions. It should be noted that some of the ongoing activities will be phased out gradually while others will reinforce UNDP themes and priorities not directly addressed under the areas of concentration. It needs to be restated that, though technical cooperation in these activities is on a much smaller scale than in areas of concentration, it by no means follows that it is less strategic or makes less of an impact than more comprehensive activities.

43. First is what might be described as a cluster of human development activities. Two ideas in particular need to be taken up: one on science education and the other on strengthening management systems in primary health care. As stated earlier, the country is well advanced in terms of human development although there are important gaps which must be filled. Science and technology is accorded the highest priority by the Government at all levels of education and learning and it is important for the country to keep abreast of emerging new techniques and science education technology. In primary health care, UNDP cooperation is expected, jointly with UNICEF, WHO and UNFPA, to develop and implement an integrated project for community health in the Hyangsan County area, which could subsequently be a demonstration model for replication elsewhere in the country.

44. The second cluster deals with issues directly concerned with the quality of life. The supply of consumer goods, especially products produced by the light industrial sector, require qualitative upgrading and cost reductions, which will be obtained through economies of scale and technological adaptation. The Government has decided that technical cooperation is needed in the textile, furniture, toy-making, and building construction industrial subsectors. Quality upgrading in these industries is also expected to lead to increased exports. Metrology, which is important to product standardization, will also be an area for technical cooperation.

45. The third cluster of activities is concerned with the development of infrastructure in the two key areas of telecommunications and civil aviation, which are vital to trade and investment expansion. The country must upgrade its telecommunications facilities, particularly in the field of fibre optics and digital communication. In civil aviation, improvements are required,

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especially in the light of expected increases in tourist traffic. The focus in this cluster will be to upgrade operations and maintenance systems.

46. The impact of these activities will be felt through improved systems of community health management and science education, improved quality in selected key consumer goods and in the foreign trade infrastructure. Technology transfer will be the critical element in maximizing the impact of these programmes.

47. There will be an unprogrammed reserve of \$2.615 million, equivalent to 10 per cent of the IPF resources, to allow for a degree of flexibility in the programming process.

D. Implementation and management arrangements

48. The key to the success of the third country programme will be efficient management. Several issues which emerged in the course of assessing the second country programme are expected to be addressed through consultation between UNDP and the Government. They include scatterization of projects, their short duration, project design, quality of expertise, delays in fielding experts, trainees and equipment. Since the third country programme is based on the programme approach, management modalities will have to be adjusted to new requirements. An important aspect that will have to be addressed is the increased need for the coordination from United Nations specialized agencies. Other specific management tasks are briefly described below.

National execution

49. Although only five projects are now under national execution, the Government intends to use the modality for most projects in the future in close cooperation with UNDP and the United Nations specialized agencies concerned. The Government will seek the assistance of agencies as cooperating partners in project implementation. Their assistance will be required primarily in project formulation, advisory services, technical backstopping and placement of trainees. The Government intends to obtain the assistance of any relevant intergovernmental and international non-governmental agencies with the required expertise in programme implementation.

Selection of United Nations specialized agencies

50. The implementation of the five areas of concentration are those activities outside them will require the cooperation of a large number of United Nations specialized agencies. Agencies will be consulted as activities take shape, depending on the availability of relevant expertise and the comparative advantages each agency has in specific fields.

Technical cooperation among developing countries

51. TCDC is expected to play an important role in programme implementation. All areas have a major technology transfer component and the adaptation of proven technologies from other relevant developing countries is therefore a cost-effective method of technical cooperation. TCDC is particularly appropriate for cooperation within the subregion of North-East Asia and within the Asia region.

Regional and subregional projects

52. Many UNDP projects envisaged for the subregion have important linkages with the country programme, particularly those in the energy sector, agricultural diversification, trade and investment (especially the Tuman River basin development). In the intercountry programme, many elements are expected to converge with country programme objectives and efforts will be made to establish relevant linkages.

Other modalities

53. UNDP has access to several modalities for project implementation and resource mobilization. As stated earlier, the Government intends to use appropriate NGOs in programme implementation and in the development process in general through assistance from UNDP. Greater use is expected to be made of United Nations volunteers. The Transfer of Knowledge through Expatriate Nationals (TOKTEN) is a modality which has substantial promise for delivery of expertise and this aspect will be explored further with UNDP. Consideration will also be given to using the services of the United Nations International Short-Term Advisory Resources (UNISTAR) and of the Management Development Programme.

Management tools

54. The Government intends to undertake annual reviews in addition to the mid-term review by UNDP. Selected evaluations of components of the programme will also be undertaken.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF	2 500	
Fifth cycle IPF	21 742	
Subtotal IPF	24 292	
Project cost-sharing (Government)	700	
Project cost-sharing (Third Party)	-	
Programme cost-sharing	-	
Subtotal cost-sharing		700
TOTAL		<u>24 992</u>

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

<u>Area of concentration</u>	<u>IPF</u>	<u>Cost-sharing</u>	<u>Total</u>	<u>Percentage of total resources</u>
Effi. and sustain: in agri. dev.	2 686	-	2 686	10
Energy and efficiency	5 607	700	6 307	24
Environment and industry	2 531	-	2 531	10
Int'l economic cooperation	4 316	-	4 316	21
Asst. outside areas of concentration	6 537	-	6 537	25
Subtotal	21 677	700	22 377	90
Unprogrammed reserve	-		2 615	10
TOTAL	21 677	700	24 992	100

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III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds

SPR	1 155
UNCDF	-
UNSO	-
UNIFEM	-
UNRFRNRE	-
UNFSTD	-
Subtotal	1 155

B. Other United Nations resources

JCGP participating agencies:

UNFPA	-
UNICEF	-
WFP	-
IFAD	-
Other United Nations agencies (non-UNDP financed)	-
Global Environment Facility	-
Subtotal	-

Total non-core and other United Nations resources 1 155

C. Non-United Nations resources

TOTAL 1 155

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Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus <u>a/</u>				
	Poverty eradication and grass-roots development	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology WID
I. EFFICIENCY AND SUSTAINABILITY IN AGRICULTURAL DEVELOPMENT					
Farm management systems and mechanization	*	*		*	*
Improved vegetable and fruit farming	*	*		*	*
Environmentally sustainable agricultural practices	*	*		*	*
II. ENERGY EFFICIENCY					
Energy conservation		*		*	*
Energy system management		*		*	*
Energy efficient technology		*		*	*
III. ENVIRONMENT AND INDUSTRY					
Management of the industrial environment		*		*	*
Control of industrial pollution		*		*	*
IV. INTERNATIONAL ECONOMIC COOPERATION					
Expansion of exports			*	*	*
Promotion of investments, joint ventures			*	*	*
Trade diversification			*	*	*
Management development			*	*	*
V. ASSISTANCE OUTSIDE MAIN COUNTRY PROGRAMME AREA					
Social services	*				*
Human resources development				*	*
Light industry		*		*	*
Telecommunications and civil aviation				*	*

a/ Asterisks indicate major linkage only.



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**PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY
PROGRAMMES AND PROJECT**

**THIRD COUNTRY PROGRAMME FOR THE DEMOCRATIC
PEOPLE'S REPUBLIC OF KOREA**

Note by the Administrator

I. THE PROGRAMMING PROCESS

1. The third country programme for the Democratic People's Republic of Korea marks a significant shift in United Nations Development Programme (UNDP) technical cooperation as an outgrowth of an extensive process of consultations between the Government, UNDP and other United Nations specialized agencies. Eight programming missions by the United Nations agencies were fielded to assess current programmes and make proposals for the future in areas that were considered critical to the Government's development strategy. The missions covered trade and investment (United Nations Conference on Trade and Development (UNCTAD)/United Nations Industrial Development Organization (UNIDO)/United Nations Centre on Transnational Corporations (UNCTC)); industry (UNIDO); energy (Department of Technical Cooperation for Development (DTCD)); environment (UNDP); management (UNDP); housing and construction (United Nations Centre for Human Settlements (UNCHS)); and agriculture (Food and Agriculture Organization of the United Nations (FAO)). Additionally, two seminars on women in development and on joint ventures and the financial environment were instrumental in offering important insights into constraints and opportunities in the country in these areas.

2. Results of annual reviews, the mid-term review and the assessment of the second country programme also provided valuable inputs in the formulation of the third country programme. All relevant findings and recommendations were reflected in the UNDP advisory note transmitted by the Resident Representative to the Government in April 1991.

3. Areas of concentration, programmes and strategies of the third country programme were determined by the Government, taking into account the main contents of the advisory note. The period of the third country programme coincides with the last two years of the third seven-year plan. The Government has indicated that the major thrust of the seven-year plan will remain unchanged for the next plan period.

II. ANALYTICAL COMMENTARY ON THE THIRD COUNTRY PROGRAMME

4. The assessment of the previous country programme found that projects were scattered over too wide a spectrum of areas. A more focused approach should enable development of a more coherent strategy as the new programme evolves. For the third country programme, it is proposed that the bulk of its programmed resources, amounting to around 75 per cent, be targeted in four areas of concentration and five programmes within those areas. The areas of concentration are: (a) efficiency and sustainability of agricultural development; (b) energy efficiency; (c) environment and industry; and (d) international economic cooperation.

5. The remaining 25 per cent of resources reflects to a large extent projects already approved. These projects reflect other priority programmes and projects outside the country programme's areas of concentration but mainly within the human development theme and other areas of UNDP emphasis. Moreover, linkages of relevant activities have been established with the areas of concentration while other approved projects will be phased out gradually.

6. A characteristic feature of the four areas of concentration and the five programmes therein is that they are not sectoral in nature and are designed to address critical problems which are carefully defined and demarcated, thus avoiding open-ended interventions. This approach should ensure that these programmes have measurable, sustainable impacts. The third country programme differs significantly from the second in its emphasis on issues of global concern and on the transfer of available know-how and its application, rather than on research and development.

7. Each area of concentration addresses a critical constraint. In the agriculture sector, with limited arable land available, enhanced productivity, more extensive diversification (as in several other Asian countries) and environmentally friendly agricultural practices are urgently required. Better management of the industrial sector is critical, especially in view of the ambitious programmes of the Government for industrial and manufacturing development. As is apparent from the country programme, this is a concern not only at the country level but also at the level of the North-East Asia subregion, where complementary efforts are envisaged. The programme for energy efficiency is closely linked to environmental concerns and is also a key factor in economic efficiency. The broad framework prepared for the trade and investment programme is indicative of the many related activities that need to be launched to develop a coherent and practical strategy to expand trade with the rest of the world, with special attention to growing opportunities in the region.

8. It is clear that the themes of special UNDP focus have found practical expression in the third country programme. Natural resources management and the environment feature strongly in most programmes. Technology transfer is also a key element. There is significant opportunity for technical cooperation among developing countries (TCDC) to implement many components of the country programme. The significance of management development in economic growth is recognized. The high level of human development in the country is evidenced from the Human Development Index (HDI) of 74 in the Human Development Report 1991. In addition to the priority areas of concentration, continued attention will be given to programmes aimed at reducing income and other disparities between the geographical regions of the country and ensuring that UNDP cooperation is responsive to concerns of women in development in a meaningful way, noting that women currently constitute over half of the employed labour force.

9. UNDP has an important comparative advantage in the Democratic People's Republic of Korea. First, the United Nations system is the only source of technical cooperation in the absence of developed, market-economy country donors, and UNDP has the capacity to facilitate access to the United Nations system and other relevant expertise in developed countries. Second, over the past decade, UNDP has established a pool of experience and expertise to draw on. The activities proposed in the third country programme are those where UNDP is actively involved in other countries, particularly in Asia, and comparable experiences elsewhere will enable UNDP to transfer relevant, proven knowledge and facilitate technological adaptation.

III. MANAGEMENT OF PROGRAMME IMPLEMENTATION

10. While some aspects of programme implementation are common to those of the second country programme, new modalities will have to be shaped to manage the more distinctive programme approach to be followed in the third programme. With the objective of national capacity-building, programmes will be nationally executed whenever this is appropriate and viable. Consequently, new cooperative relationships will need to be negotiated with the United Nations system agencies to provide implementation assistance to specific programme components which are in line with their expertise. Specialized agencies of the United Nations system will continue to be involved in the formulation, technical backstopping, monitoring and evaluation of programmes and projects.

11. A unit has been established within the General Bureau for Cooperation with International Organizations of the External Economic Affairs Commission to deal with national execution. Within this country programme period, national execution will be broadened to include other government institutions as well. While staff of the unit have a proven capacity to execute projects and have been appropriately trained through workshops and study tours, further training of government staff will be provided as required throughout the period of the third country programme. The services of a United Nations Volunteers (UNV) accountant are being provided to assist with the financial

management of nationally executed projects. A manual for national project directors is being prepared.

12. Internal monitoring mechanisms have been tightened to improve delivery and the timely availability of progress and financial reports. It is anticipated that the flexibility inherent in the implementation of large programmes will facilitate the fine tuning of commitment and delivery levels.

13. The third country programme will be subject to reviews annually and at the mid-point in order to reassess priorities in relation to the prevailing socio-economic situation. Necessary adjustments will be introduced to reflect the evolving priorities and needs of the Government.

IV. RECOMMENDATION OF THE ADMINISTRATOR

14. The third country programme of the Democratic People's Republic of Korea addresses key issues confronting the country in implementing its development strategies. In addition to addressing national priorities, UNDP technical cooperation will also reflect priority themes for development established by the Governing Council. The programme is formulated so as to make a sustainable impact on the country, especially in terms of institution-building and human resources development.

15. The Administrator recommends that the Governing Council approve the third country programme for the People's Democratic Republic of Korea.
